

Appendix A
NOTABLE ENERGY LEGISLATION

Energy Loans and Tax Credits in Rhode Island

Legislation on both the state and federal levels has prompted new energy programs designed to conserve existing supplies or stimulate the development of new, efficient, and environmentally friendly alternatives. This appendix highlights the latter.

Two Rhode Island laws focusing on alternative fueled vehicles (AFVs) are R.I.G.L. 37-8-17.2, the “Energy Revolving Fund,” and R.I.G.L. 44-39.2, the “Alternative Fueled Vehicle and Filling Station Tax Credit.” Chapter 37-8 provides loans for the purchase or lease of AFVs by state or municipal agencies, or for “the implementation of energy conservation and energy cost reduction measures.” Proceeds from the repayment of these loans provides the basis for future loans for the same purposes.

Chapter 44-39.2 allows tax credits equaling up to 50 percent of the capital, labor, and equipment costs for constructing alternative fueling or recharging stations for, respectively, AFVs or electric vehicles. Tax credits are also provided for the purchase of AFVs or the conversion of conventional vehicles to alternative fuels. However, credits under Chapter 44-39.2 will no longer be available after January 1, 2003.

Other important energy legislation includes R.I.G.L. 44-57, Sections 44-57-1 to 44-57-12, the “Residential Renewable Energy System Tax Credit.” This allows a one-time tax credit for the purchase of “a photovoltaic system, a solar domestic hot water system, an active solar space heating system, or a wind-generating system.”

The tax credits are allowed against business corporation or personal income taxes. The full text of the statutes can be downloaded from the Rhode Island General Assembly web site as indicated below:

37-8-17.2	http://www.rilin.state.ri.us/statutes/title37/37%2D8/s00030.htm
44-39.2	http://www.rilin.state.ri.us/statutes/title44/44%2D39%2D2/s00001.htm
44-57	http://www.rilin.state.ri.us/statutes/title44/44%2D57/s00001.htm

Federal Mandates for Alternative Fuels (Described by the U.S. Department of Energy)

The Clean Fuel Fleet Program As Part of the Clean Air Act Amendments (CAAA)

What is CFFP? - The *Clean Air Act* (CAA) was passed in 1970 to improve air quality nationwide. Congress amended the law in 1990, creating several initiatives to reinforce one of the original goals of the CAA to reduce mobile source pollutants. Implemented by the U.S. Environmental Protection Agency (EPA), the Clean Fuel Fleet Program (CFFP) is one such initiative. The CFFP requires fleets in cities with significant air quality problems to incorporate vehicles that will meet clean-fuel emissions standards.

What fleets are covered? - Federal, state, municipal, fuel provider and private fleets are currently mandated by CAAA. Fleets that own, operate, lease or control at least 10 light-duty vehicles, trucks (8,500 lbs. or less) or heavy-duty vehicles (8,500-26,000 lbs.) are covered. Of the fleet vehicles, 10 or more must be operating in an affected area (see below) and be centrally fueled or capable of being centrally fueled 100% of the time at a station that is owned, operated or controlled by the affected fleet operator.

What areas are affected? - Consolidated Metropolitan Statistical Areas (CMSA) are cities or areas that had a population of at least 250,000 at the time of the 1980 U.S. Census and have been classified as extreme, severe or serious non-attainment for ozone or carbon monoxide (CO). Under the CAAA, states were given the option to adopt the CFFP or a substitute program that achieves equivalent or better emissions reductions. The following CMSAs have opted to participate in CFFP:

Atlanta, GA

Milwaukee-Racine, WI

Denver-Boulder, CO

Chicago-Gary-Lake County, IL/IN

What fuels and vehicles can be used to satisfy the mandate? - The CAAA defines a clean fuel as any power source on which a vehicle is certified to meet federal Clean Fuel Vehicle (CFV) emissions standards. Clean fuels include alternative fuels, oxygenated fuels, reformulated gasoline (RFG) and conventional gasoline. A CFV is a vehicle that is certified to Low Emission Vehicle (LEV) standards or better, and operates on the fuel to which the vehicle was certified as a LEV. The fleet operator must always use the clean fuel in the affected area.

What vehicles are exempt? - Vehicles that are exempt from the mandate include law enforcement and emergency vehicles, non-road vehicles, vehicles held for lease or rental to the general public, vehicles held for sale by dealers and military vehicles (classified as necessary for national security).

How are credits earned? - Any CFV purchased before September 1, 1998 can be counted as a purchase credit. Vehicles that have cleaner emissions ratings than the required LEV rating are worth additional credits.

LEV = 1 credit
Low Emission Vehicle

ULEV = 2 credits
Ultra Low Emission Vehicle

ZEV = 3 credits
Zero Emission Vehicle

Purchasing Requirements - The requirements listed below apply to the percentage of new vehicle acquisitions that must be CFVS. Dates for categories are based-on vehicle model year. GVWR = gross vehicle weight rated.

	2001	2002	2003	2004	2005	2006
GVWR <8,500 lb. (% of CFVs)	70%	70%	70%	70%	70%	70%
GVWR <26,000 lb. (% of CFVs)	50%	50%	50%	50%	50%	50%

Need More Information about CAAA?

EPA Websites:

Office of Mobile Sources
Clean Fuel Fleets

<http://www.epa.gov/OMSWWW>
<http://www.epa.gov/oms/cff.htm>

The Energy Policy Act

What is EPAct? - *The Energy Policy Act* (EPACT) was passed in 1992 to accelerate the use of alternative fuels in the transportation sector. The U.S. Department of Energy's primary goals are to decrease the nation's dependence on foreign oil and increase energy security through the use of domestically produced alternative fuels. DOE's mission is to replace 30% of petroleum based motor fuels by the year 2010.

What fleets are covered? - Federal, state and alternative fuel provider fleets are currently mandated by EPACT. Fleets that own, operate, lease or control at least 50 light-duty vehicles (8,500 lbs. or less) in the United States are covered. Of the fleet vehicles, 20 or more must be operating primarily within any affected area (see below). The vehicles must also be centrally fueled or capable of being centrally fueled. A fleet must meet all three requirements to be "covered" by EPACT.

What areas are affected? - Metropolitan Statistical Areas (MSA) and Consolidated Metropolitan Statistical Areas (CMSA) are cities or areas that had a population of at least 250,000 at the time of the 1980 U.S. Census. The Fleet Buyer's Guide web site searches the MSAs and CMSAs using zip codes to determine if a fleet is in an affected area.

What fuels and vehicles can be used to satisfy the mandate? - EPACT defines an alternative fuel as any fuel that is substantially non-petroleum and yields energy security and environmental benefits. EPACT currently recognizes the following fuels: methanol and denatured ethanol as alcohol fuels (alcohol mixtures that contain no less than 70% of the alcohol fuel), natural gas (compressed or liquefied), liquefied petroleum gas, hydrogen, coal-derived liquid fuels, fuels derived from biological materials and electricity (including solar energy). DOE can expand this list when new fuels are developed and approved as meeting this definition. Vehicles designed to run on any of the above alternative fuels may be dedicated or dual-fuel, including bi-fuel and flexible fuel.

What vehicles are exempt? - Vehicles that are exempt from the mandate include law enforcement vehicles, emergency vehicles, non-road vehicles and vehicles used for product evaluations and testing.

How are credits earned? - Credits for light duty vehicles are earned at a rate of one credit per vehicle in excess of the minimum acquisition requirement. One credit may also be allocated for each year the alternative fuel vehicle (AFV) is acquired before the requirement date. Once the fleet's light-duty AFV purchases have been fulfilled, credits may be earned for medium-duty AFVs and heavy-duty AFVs. These credits can be used to satisfy acquisition requirements in subsequent years or sold and traded between fleets.

Purchasing Requirements - The requirements listed below apply to the

percentage of new vehicle acquisitions that must be AFVS. Dates for the federal requirements are based on the federal fiscal year, while all other dates are based on the vehicle model year.

Year	Federal	State	Alternative Fuel Provider	Municipal & Private*
2001	75%	75%	90%	
2002	75%	75%	90%	20%
2003	75%	75%	90%	40%
2004	75%	75%	90%	60%
2005	75%	75%	90%	70%
2006	75%	75%	90%	70%

*Percentages listed for municipal and private fleets are currently *not* mandates under EPACT.

Need More information about EPACT?

Web sites:

The Alternative Fuels Data Center	http://www.afdc.doe.gov
Fleet Buyer's Guide (MSA/CMSA, incentives and laws, vehicle information)	http://www.fleets.doe.gov
State and Fuel Provider Acquisition and Credits Reporting Database	http://www.ott.doe.gov/credits
Federal Fleet Reporting Form	http://www.whitehouse.gov/WH/EOP/OMB/html/mheda/afvguide.html